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7 CFR Ch. XIV (1–1–03 Edition)

(4) A surety, by furnishing a bond, guarantees to protect CCC from any loss incurred for which the minor would be liable had the minor been an adult.

(g) A CMA which the Executive Vice President, CCC, determines meets the requirements for CMA's in part 1425 of this title may be eligible to obtain a loan on behalf of those members who themselves are eligible to obtain a loan provided that:

(1) The beneficial interest in the mohair must always, until loan repayment or forfeiture, remain in the member who delivered the mohair to the eligible CMA or its member CMA's, except as otherwise provided in this part; and

(2) The mohair delivered to an eligible CMA shall establish eligibility for a loan if the member who delivered the mohair does not retain the right to share in the proceeds from the marketing of the mohair as provided in part 1425 of this title.

(h)(1) To be eligible to receive loans under this part a producer must have the beneficial interest in the mohair that is tendered to CCC for a loan. The producer must always have had the beneficial interest in the mohair unless, before the mohair was sheared, the producer and a former producer whom the producer tendering the mohair to CCC has succeeded had such an interest in the mohair. Mohair obtained by gift or purchase shall not be eligible to be tendered to CCC for loans. Heirs who succeed to the beneficial interest of a deceased producer or who assume the decedent's obligations under an existing loan shall be eligible to receive loans whether succession to the mohair occurs before or after shearing so long as the heir otherwise complies with the provisions of this part.

(2) A producer shall not be considered to have divested the beneficial interest in the mohair if the producer retains control, title, and risk of loss in the mohair including the right to make all decisions regarding the tender of such mohair to CCC for a loan, and the producer takes one of the following actions:

(i) Executes an option to purchase, whether or not a payment is made by

the potential buyer for such option to purchase, with respect to such mohair if all other eligibility requirements are met and the option to purchase contains the following provision:

Notwithstanding any other provision of this option to purchase, title, risk of loss, and beneficial interest in the mohair, as specified in 7 CFR part 1469, shall remain with the producer until the buyer exercises this option to purchase the mohair. This option to purchase shall expire, notwithstanding any action or inaction by either the producer or the buyer, at the earlier of: (1) the maturity of any CCC loan which is secured by such mohair; (2) the date the CCC claims title to such mohair; or (3) such other date as provided in this option.

(ii) Enters into a contract to sell the mohair if the producer retains title, risk of loss, and beneficial interest in the mohair and the purchaser does not pay to the producer any advance payment amount or any incentive payment amount to enter into such contract except as provided in part 1425 of this chapter.

(3) If loans are made available to producers through an approved CMA in accordance with part 1425 of this chapter, the beneficial interest in the mohair must always have been in the producer-member who delivered the mohair to the CMA or its member CMA's, except as otherwise provided in this section. Mohair delivered to such a CMA shall not be eligible for loans if the producer-member who delivered the mohair does not retain the right to share in the proceeds from the marketing of the mohair as provided in part 1425 of this chapter.

(i) A producer may, before the final date for obtaining a loan for mohair, re-offer as loan mohair any mohair that has been previously pledged and redeemed as loan mohair.

(ii) [Reserved]

[64 FR 10930, Mar. 8, 1999, as amended at 65 FR 7960, Feb. 16, 2000]

§ 1469.5 Application, availability, disbursement, and maturity.

(a) The deadline for requesting a loan offered under this part is September 30, 1999, for FY 1999 and September 30, 2000, for FY 2000.

(b) Loans mature on demand but not later than the last day of the twelfth

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calendar month following the month in which the note and security agreement was approved. When the final maturity date falls on a non-workday for county offices, CCC shall extend the final date to the next workday.

(c) A producer must request loans on mohair at the county office serving the county where the headquarters of the producer's farm, ranch, or feed lot is located. If the producer has more than one farm, ranch, or feed lot, with headquarters in more than one county, separate non-duplicative applications for loans may be filed with the county office serving each such headquarters covering only the mohair at each such location. A CMA must request loans at the county office for the county in which the principal office of the CMA is located unless the State committee designates another county office. If the CMA has operations in two or more States, the CMA must file its loan applications at the county office for the county in which its principal office for each State is located.

(d) Loans will be made on the mohair (i.e., adult, yearling, spring kid, fall kid) as declared and certified by the producer on Form CCC-633 (Mohair), (Mohair Loan Certification and Worksheet) at the time the mohair is pledged as collateral for a loan.

(e) CCC shall not approve a loan application until the producer provides adequate assurance that the loan and all related charges will be paid to CCC in accordance with paragraph (f) of this section. The disbursement of loans will be made by county offices on behalf of CCC.

(f) The loan rate under this part shall be \$2 per pound for all mohair eligible to be pledged as collateral under this part. Until the loan and all related charges have been paid, CCC shall retain (and the producer shall agree that CCC shall retain) a first and superior security interest on all of the producer's current and future production of mohair, the security interest shall not be restricted to the mohair used in calculating the amount of the loan but shall cover all mohair (current and future) owned by the producer. Proceeds from the sale of loan mohair will be applied to the loan. Proceeds from the sale of non-loan mohair in which CCC

holds a security interest will be applied to the loan only if the proceeds from the sale of the loan mohair are inadequate to pay the loan in full. The security interest shall also apply to the current and future mohair production of affiliated producers as defined in this part. CCC may require such additional security as it deems needed to assure repayment of the loan. In the event that the producer's present capability for producing mohair is such that a security interest on the producer's current and future production of mohair is not deemed to be sufficient, or if the loan is otherwise considered to be insufficiently secured, the CCC, as determined by the Executive Vice President, CCC, may require that 75 cents per pound, or such other amount as may be deemed appropriate by the Executive Vice President (taking into consideration the market value of the mohair) be deducted from the loan to provide additional security. Producers, in lieu of such reduction, may provide a letter of credit, bond, or other form of security for the reduction amount, as approved by CCC. The Executive Vice President, CCC, may allow for releases from the security interest provided for in this section as needed to accomplish the goals of the program, and require the necessary assurances to determine the future production capability of a producer seeking a loan under this part.

(g) If, after a loan is made, CCC determines that the producer or the mohair collateral is not in compliance with any of the provisions of this part, the producer shall refund the total amount disbursed under loan together with interest and other charges as may apply, including late payment interest as provided in part 1403 of this title.

[64 FR 10930, Mar. 8, 1999, as amended at 65 FR 7960, Feb. 16, 2000]

§ 1469.6 Security interests.

(a) CCC's security interest in the mohair pledged as collateral is first and superior to all other security interests.

(b) The county office may file or record, as required by State law, all financing statements needed to perfect a security interest in mohair pledged as collateral for loans. The cost of filing